

DEPARTMENT OF STATE REVENUE
LETTER OF FINDINGS NUMBER: 01-0192
Adjusted Gross Income Tax
For the Years 1991-1998

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ISSUE

I. Adjusted Gross Income Tax- Imposition

Authority: IC 6-3-2-1, IC 6-8.1-5-1 (b).

The taxpayers protest the imposition of the Indiana adjusted gross income tax.

STATEMENT OF FACTS

The taxpayers are a husband and wife who are Indiana residents but winter in Florida. They owned rental property in Indiana and an 18-room motel. The taxpayers file as sole proprietors for federal income tax purposes. They did not file Indiana adjusted gross income tax returns throughout the tax period. After an investigation, the Indiana Department of Revenue, hereinafter referred to as the "department," determined the taxpayers' Indiana adjusted gross income tax liability based upon the taxpayers' federal individual income tax returns. The department then assessed adjusted gross income tax, penalty, and interest. The taxpayers protested that assessment and a telephone hearing was held.

DISCUSSION

An adjusted gross income tax is imposed upon all Indiana residents. IC 6-3-2-1. The taxpayers contend that when the department assessed adjusted gross income tax, interest and penalty pursuant to the investigation, it erred in determining the taxpayers' expenses, depreciation, and losses from abandoned property.

All assessments made by the department are presumed to be correct. Taxpayers bear the burden of proving that an assessment is incorrect. IC 6-8.1-5-1 (b). In this case, the taxpayers' representative submitted a spreadsheet showing what the taxpayers' assert would be the computation of the correct tax liability. That spreadsheet lumped depreciation, losses from abandoned property, and expenses in the "expenses" line. On January 29, 2003, the department requested the submission of documentation concerning the purchase price of the properties so that it could audit the figures representing depreciation and losses from abandoned property.

That information was not submitted. Without the purchase prices of the various properties, the department cannot determine if the taxpayers' proposal is correct.

The taxpayers have failed to sustain their burden of showing that the assessment is incorrect.

FINDING

The taxpayer's protest is denied.

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